

**Solid Waste Financial Assurance Work Group  
February 23, 2012 Meeting Summary**

Participants

Dawn Cleary, GM  
Tom Horton, Waste Management  
Ray Ilka, GM – SMCO (conference call)  
Dan Kendall, Kent County DPW  
Becky Kocsis, DEQ  
Dennis Leonard, DTE Energy  
Richard Menard, Verso Paper (conference call)  
Rhonda Oyer, DEQ  
Rich Paajanen, Waste Management (conference call)  
Don Pyle, Delta County Solid Waste Management Authority (conference call)  
Margie Ring, DEQ  
Cortney Schmidt, St. Mary's Cement (conference call)  
Kim Smelker, Granger III and Associates, LLC  
Steve Sliver, DEQ  
Kathy Zack, Cornish, Zack, Hill & Associates (conference call)

Meeting Materials

- Meeting agenda
- Draft December 16, 2011, meeting summary.
- Report on perpetual care fund balances by facility.
- February 23, 2012, draft statute amendments.
- February 23, 2012, financial assurance amendments framework.

Discussion Points

1. The December 16, 2011, meeting summary was revised to include a statement that the perpetual care fund (PCF) bond would provide the DEQ with ready access to funds is worded correctly.
2. Utilities that can pass the Subtitle C (Part 111) financial test should be allowed to use a financial test for up to 100% of their financial assurance obligations other than the PCF. The 70% limit should be maintained when using the Subtitle D (Part 115) financial test. The option to use the Subtitle C financial test should be made available to local government as well. Depending on how the language reads, we may need to get concurrence from EPA that local government can use the Subtitle C financial test.
3. The DEQ will poll Type III landfill owners to gauge their interest and ability in using the Subtitle C financial test.
4. Rather than replacing the current PCF trust or escrow accounts with PCF bonds at set amounts, we should allow PCF bonds as an option, with the amount determined as is currently done for PCF trusts and escrows. PCF

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bonds should be maintained just like PCF trusts and escrows are currently (i.e., no change in required amount or length of time they are required).

5. Some concern was expressed over the inflation index for the PCF, but a better alternative was not identified. There is also a concern about making the inflationary adjustment for bonds and the PCF every year. A 5 year timeframe would be simpler and less burdensome. However, to minimize the risk of not having enough financial assurance toward the end of the 5 years, the bond amount would have to be higher than actual costs at the beginning of the 5 year period. Also, annual inflation adjustments are required under federal regulations for Type II landfills.
6. Surety bonds are becoming more difficult for some companies to obtain, typically require liquid (e.g., cash) collateral, and have premiums of \$5 - \$20 per \$1,000 bond. The latest report on the surety industry is not good, which could lead to even tighter underwriting practices.
7. The effective date of any amendments to the financial assurance requirements needs further evaluation. When would they become effective for licensed landfills? Closed sites should be grandfathered. At sites with more than one unit or cell, should whether they are contiguous to an active area affect whether they are grandfathered?
8. Rather than schedule another meeting at this time, the DEQ will send drafts of the amendments and other materials electronically when they have been updated or completed.